

Message Text

LIMITED OFFICIAL USE

PAGE 01 KUALA 07211 160701Z
ACTION EA-09

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-03
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03 SP-02
CIEP-01 LAB-04 SIL-01 OMB-01 L-03 H-01 NSC-05 SS-15
STR-04 CEA-01 PA-01 PRS-01 HUD-01 /084 W
----- 023339 /17

R 160231Z DEC 76
FM AMEMBASSY KUALA LUMPUR
TO SECSTATE WASHDC 5523
INFO AMEMBASSY SINGAPORE

LIMITED OFFICIAL USE KUALA LUMPUR 7211

E.O. 11652: N/A
TAGS: ECRE, EFIN, SOCI, MY
SUBJECT: GOVERNMENT OF MALAYSIA ANNOUNCES LOWCOST HOUSING SCHEME

1. BEGIN UNCLASSIFIED. ADDRESSING MAJOR SOCIAL OBJECTIVE OF
THIRD MALAYSIA PLAN, GOM HAS ANNOUNCED HOUSING LOAN SCHEME
FOR NON-HOUSE OWNER LOW INCOME GROUPS, EFFECTIVE JANUARY 1,
1977.

2. SCHEME WILL PROVIDE TO LOW CREDIT STANDING EMPLOYEES
PROVIDENT FUND (EPF) CONTRIBUTORS AND TO NON-EPF CONTRIBUTORS
WITH INCOME LESS THAN M\$500 PER MONTH, 5.5 PERCENT, TWENTY-YEAR
LOANS TO FINANCE UP TO 90 PERCENT OF VALUE OF NEW HOUSES AND
LAND. EPF CONTRIBUTORS MAY FINANCE REMAINING 10 PERCENT BY
DRAWING ON DEPOSITS TO THEIR CREDIT IN EPF.

3. PREFERENCES GIVEN TO HOUSES AND LAND IN M\$6,000-M12,000
CATEGORY WITH MAXIMUM
OF M\$20,000. MONTHLY REPAYMENT SHALL
NOT EXCEED ONE-THIRD OF COMBINED INCOME OF BORROWER AND
SPOUSE. PURCHASE OF MORTGAGE LIFE INSURANCE REQUIRED.
HOUSES MUST BE APPROVED BY MALAYSIAN BUILDING SOCIETY BERHAD
(MBSB) WHICH WILL ADMINISTER SCHEME. DESIGN COMPETITION
WILL BE ORGANIZED BY ARCHITECTS ASSOCIATES OF MALAYSIA.

4. BANK NEGARA AND EPF PROVIDING REVOLVING FUND OF M\$400
MILLION FOR SCHEME; M\$60 MILLION IN 1977, M\$90 MILLION IN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 KUALA 07211 160701Z

1978, M\$120 MILLION IN 1979 AND M\$130 MILLION IN 1980.

5. SCHEME INITIALLY LIMITED TO PENINSULAR MALAYSIA. MINISTRY HOUSING AND VILLAGE DEVELOPMENT WILL PROVIDE BASIC GUIDELINES FOR SCHEME TO ASSURE THAT IT IS MULTI-RACIAL IN CHARACTER IN LINE WITH GOVERNMENT OBJECTIVES". HOUSING MINISTER MICHAEL CHEN HAS INDICATED THAT SCHEME WILL INCLUDE LOW-COST APARTMENTS.

6. PRESS REPORTS MBSB CHAIRMAN SAYING THAT HOUSING DEVELOPMENTS IN SELANGOR, IPOH AND JOHORE IN M\$15,000-M\$17,000 RANGE HAVE ALREADY BEEN APPROVED UNDER SCHEME WITH CONSTRUCTION TO BEGIN EARLY 1977. END UNCLASSIFIED.

7. BEGIN LIMITED OFFICIAL USE. COMMENT: SCHEME ADDRESSES SIGNIFICANT PROBLEM OF REALLY LOW-INCOME HOUSING AND SUPPLEMENTS EARLIER GOM EFFORTS THROUGH CREDIT GUARANTEE CORPORATION AND MONETARY POLICY GUIDELINES WHICH ASSIGN PRIORITY TO HOUSING LOANS FOR COMMERCIAL BANK LENDING, BUT WHICH IN PRACTICE FOCUSED ON MEDIUM TO HIGH COST HOUSING. APPLICANTS FOR LOANS WILL QUICKLY EXCEED FUNDS AVAILABLE. OTHER PROBLEMS INCLUDE ALLOCATION OF LAND BY STATES FOR THIS PURPOSE AND DIVISION OF LOANS BETWEEN RACES. EVEN FULL UTILIZATION OF M\$400 MILLION AT AVERAGE COST OF M\$10,000 PROVIDES ONLY 40,000 HOUSES, LESS THAN 10 PERCENT OF TMP TARGET OF 482,800 UNITS. BESIDES ADDRESSING POVERTY ISSUE AND PROVIDING INDIVIDUAL STAKE IN SOCIETY, SCHEME ALSO DESIGNED TO STIMULATE PRIVATE INVESTMENT GENERAL ECONOMIC RECOVERY AND WHICH MUST BE HEAVILY RELIED UPON IF TMP HOUSING GOALS ARE TO BE MET. UNDERHILL

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: HOUSING, POLICIES, LOANS
Control Number: n/a
Copy: SINGLE
Draft Date: 16 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: greeneet
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976KUALA07211
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760462-1213
From: KUALA LUMPUR
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761238/aaaabgef.tel
Line Count: 91
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: greeneet
Review Comment: n/a
Review Content Flags:
Review Date: 03 JUN 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03 JUN 2004 by ifshinsr>; APPROVED <27 SEP 2004 by greeneet>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: GOVERNMENT OF MALAYSIA ANNOUNCES LOWCOST HOUSING SCHEME
TAGS: ECRE, EFIN, SOCI, MY
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006